

Report #2: STATEMENT OF REVENUES, EXPENSES AND NET WORTH

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
MEMBER MONTHS	XXX	9,395,138	13,329,431
REVENUES:			
1. Premium (Net of \$ 0 Reinsurance Premiums Ceded)	XXX	1,955,387,836	2,428,354,042
2. Fee-For-Service (Net of \$ 0 Medical Expenses)	XXX	424,950	(1,367,242)
3. Risk Revenue	XXX	0	0
4. Net Investment Income (Including \$ (724,963) Net Realized Capital Gains or (Losses))	XXX	9,960,779	18,049,091
5. Aggregate Write-ins for Other Health Care Related Revenues	XXX	0	0
6. Aggregate Write-ins for Other Revenues	XXX	25,862,047	(59,326,507)
7. TOTAL REVENUES (Lines 1 to 6)	XXX	1,991,635,612	2,385,709,384
EXPENSES:			
Medical and Hospital:			
8. Physician Services	0	2,559,943	1,592,439
9. Other Professional Services	0	27,380,489	66,942,992
10. Outside Referrals	0	7,509,639	7,655,753
11. Emergency Room and Out-of-Area	0	3,255,284	3,699,593
12. Inpatient	0	122,194,352	180,153,504
13. Incentive Pool and Withhold Adjustments	0	0	0
14. Occupancy, Depreciation and Amortization	0	24,608,906	30,923,641
15. Aggregate Write-ins for Other Medical and Hospital Expenses	0	1,588,280,633	2,063,435,067
16. Subtotal (Lines 8 to 15)	0	1,775,789,246	2,354,402,989
LESS:			
17. Net Reinsurance Recoveries Incurred	0	0	0
18. Copayments	0	137,961	146,879
19. COB and Subrogation	0	0	0
20. Subtotal (Lines 17 to 19)	0	137,961	146,879
21. TOTAL MEDICAL AND HOSPITAL (Line 16 minus 20)	0	1,775,651,285	2,354,256,110
Administration:			
22. Administration Expenses	0	229,299,494	238,895,535
23. TOTAL EXPENSES (Lines 21 and 22)	0	2,004,950,779	2,593,151,645
24. INCOME (LOSS) (Line 7 minus Line 23)	XXX	(13,315,167)	(207,442,261)
25. Extraordinary Item	0	0	0
26. Provision for Federal Income Taxes	XXX	0	0
27. NET INCOME(LOSS) (Line 24, minus Lines 25 and 26)	XXX	(13,315,167)	(207,442,261)
DETAILS OF WRITE-INS			
0501.	XXX	0	0
0502.	XXX	0	0
0503.	XXX	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	XXX	0	0
0599. TOTALS (Lines 0501 thru 0503 plus 0598)(Line 5 above)	XXX	0	0
0601. Miscellaneous & Other Income	XXX	25,862,047	(2,029,507)
0602. Losses on Rhode Island liquidation	XXX	0	(23,881,000)
0603. Losses on Rhode Island operations	XXX	0	(20,787,000)
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	(12,629,000)
0699. TOTALS (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	25,862,047	(59,326,507)
1501. Capitation Expenses & Other Contractual Payments	0	1,562,453,019	1,825,621,949
1502. Other Supplies & Expenses	0	81,507,535	258,733,194
1503. Interest Expenses	0	0	7,339,097
1598. Summary of remaining write-ins for Line 15 from overflow page	0	(55,679,921)	(28,259,173)
1599. TOTALS (Lines 1501 thru 1503 plus 1598)(Line 15 above)	0	1,588,280,633	2,063,435,067

Report #2: STATEMENT OF REVENUES, EXPENSES AND NET WORTH
(Continued)

	1 Current Year	2 Prior Year
NET WORTH:		
28. Net Worth Beginning of Year	129,364,003	70,290,533
29. Increase (Decrease) in Common Stock	0	0
30. Increase (Decrease) in Preferred Stock	0	0
31. Increase (Decrease) in Paid in Surplus	0	0
32. Increase (Decrease) in Contributed Capital	0	0
33. Increase (Decrease) in Surplus Notes	(988,525)	5,400,000
34. Increase (Decrease) in Contingency Reserves	0	0
35. Increase (Decrease) in Retained Earnings/Fund Balance:		
a. Net Income	(13,315,167)	(207,442,261)
b. Dividends to Stockholders	0	0
c. Interest on Surplus Notes	0	0
d. Change in Non-Admitted Assets (Exhibit 1)	2,816,089	29,170,465
e. Change in Unauthorized Reinsurance	0	0
f. Unrealized Capital Gains and Losses	0	0
g. Aggregate Write-ins for Changes in Retained Earnings	(9,404,000)	86,508,266
36. Aggregate Write-ins for Changes in Other Net Worth Items	9,404,000	145,437,000
37. NET WORTH END OF YEAR (Lines 28 to 36)	117,876,400	129,364,003
DETAILS OF WRITE-INS		
35g01. Transfer to Long-Term Debt Subject to Insurance Commissioner Pre-approval	(9,404,000)	0
35g02. Transferred from Pilgrim Health Care, Inc.	0	35,000,000
35g03. Transferred to Rhode Island	0	(17,969,201)
35g98. Summary of remaining write-ins for Lines 35g from overflow page	0	69,477,467
35g99. TOTALS (Lines 35g01 thru 35g03 plus 35g98) (Line 35g above)	(9,404,000)	86,508,266
3601. Long-Term Debt Subject to Insurance Commissioner Pre-approval	9,404,000	145,437,000
3602.	0	0
3603.	0	0
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. TOTALS (Lines 3601 thru 3603 plus 3698) (Line 36 above)	9,404,000	145,437,000